



Approving University Official(s): Vice President for Financial Operations and Treasurer
Responsible Office: Research Financial Operations - Accounting Services for Research and Sponsored Programs (ASRSP)
Effective date: August 30, 2018
Next review date: August 30, 2021

COST TRANSFERS TO SPONSORED PROJECTS

Policy Statement

Northwestern University must promulgate standards that are consistent with Office of Management and Budget (OMB) and Agency specific guidance. It is necessary to explain and justify transfers of charges onto Federal and non-Federal awards, from other Federal accounts, non-Federal accounts, or University accounts. Timeliness and completeness of explanation of transfer are important factors in supporting allowability and allocability, in accordance with the principles of [2 CFR Part 200](#) – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Guidance”).

Purpose

The purpose of this policy is to ensure [cost transfers](#) to sponsored projects comply with the provisions outlined in [2 CFR Part 200, Subpart E](#) – Cost Principles.

[2 CFR §200.405](#): “...Any cost allocable to a particular Federal award under the principles provided for in this part may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons. However, this prohibition would not preclude the non-Federal entity from shifting costs that are allowable under two or more Federal awards in accordance with existing Federal statutes, regulations, or the terms and conditions of the Federal awards.”

Audience

Deans, Directors, Department Heads, Faculty, Finance Personnel, and Sponsored Projects Personnel

Definitions

Cost Transfer: A cost transfer is the assignment of an expense or expenditure (charge) to a federally or non-federally funded chart string that was initially recorded in another chartstring.

Policy Implementation

Direct Charges to Sponsored Projects

Direct charges to sponsored research awards must be:

- Specifically identified with a particular project (i.e., charged to where it is used)
- Allocable (i.e., costs must be charged in proportion to their benefit to a particular project)
- Reasonable (i.e., charging costs to a particular project must reflect the actions of a “prudent person”)
- Allowable (i.e., certain costs, such as entertainment, may not be charged to a Federal grant under any circumstances)
- Timely (cost transfers generally should be initiated as soon as the error is discovered)
- Conforming to any terms and conditions in the sponsored agreement

Cost Transfer Guiding Principles

- Cost transfers are for correcting errors
- Cost transfers should not be used as a means of managing available cash balances
- Project funds are not interchangeable (the integrity of each sponsored project account must be maintained)
- Fundamental reasonableness, allowability, allocability, and consistency of costs must be established
- Costs allocable to several projects cannot be charged solely to a single project
- Costs not allocable to a project cannot be charged to that project, even temporarily

Pre-Award

Pre-award chartstrings allow the PI to begin work and record charges against the proper account related to a project before the start of the award.

Pre-award chartstrings are established by the [Office for Sponsored Research](#) (OSR). Establishing pre-award chartstrings, when appropriate, prevents the necessity of making cost transfers.

Cost Transfer Justification and Approval Requirements

Explanation/justification must be provided for every cost transfer request (regardless of dollar amount). Submission of additional supporting documentation may be required by approvers for both non-salary and salary cost transfers.

The individual who prepares the cost transfer request must not be the same individual who approves it.

For guidelines on cost transfer request process and approval levels, see [here](#).

90-Day Rule

All cost transfers, including salary, should be completed within 90 days of their original transaction date. Expense transfers over the 90-day limit must be accompanied by a 90 Day Rule Justification. For guidelines on 90-day Justification requirements and approval levels, see [here](#).

Requests to transfer costs onto sponsored projects greater than 12 months from the original date of incurrence will generally not be approved.

Record Retention:

Per [2 CFR §200.333](#), “Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient.”

However, “If any litigation, claim, or audit is started before the expiration of the 3-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken.”

Related Information

2 CFR Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Guidance”):

<https://www.ecfr.gov/cgi-bin/text-idx?node=2:1.1.2.2.1&rgn=div5>

NIH Grants Policy Statement:

<http://grants.nih.gov/policy/nihgps/index.htm>**Office for Sponsored Research (OSR):**
<https://osr.northwestern.edu/>

Accounting Services for Research and Sponsored Programs (ASRSP):

<https://www.northwestern.edu/asrsp/>

90 Day Rule Justification Memo Form and Instructions:

https://www.northwestern.edu/financial-operations/policies-procedures/forms/90-Day_Memo_Form_and_Instructions.pdf

Contacts

The following individuals can address questions regarding this Policy:

Michael S. Daniels: Executive Director, Office of Research Financial Operations
Phone: 847.491.4716; Email: m-daniels2@northwestern.edu

Jennifer Mitchell: Associate Executive Director, Office of Research Financial Operations
Phone: 847.467.2473; Email: jmitchell@northwestern.edu

History

Policy Origination Date: March 05, 2007

Amendment Date (s): August 29, 2018

Policy URL:

https://www.northwestern.edu/coststudies/docs/Cost_Transfers_Policy.pdf